

PUBLIC PROCUREMENT AS TOOL OF ENVIRONMENTAL POLICY

Abstract

Correlating private and social interests represents a continuous challenge for environmental policy. Traditional implementation tools proved to be not enough for accomplishing the objectives required by the protection of natural systems. Therefore, they were complemented by a number of actions that approach different aspects of the social and economic life. The paper addresses from these the issue of sustainable production and consumption stimulated by the embodying of environmental criteria in public procurement. The argument for this initiative is developed on the base of principle considerations, and also by using the international and European experience in the promotion of "green" public procurement. The analysis reveals the fact that such initiatives are justified by the size and authority of the state, which is a consumer responsible for one third of the national consumption, but also a behavior example for a correct perception of social interest.

Keywords: sustainable production and consumption, environmental policy, decoupling, public procurement

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ACHIZIȚIILE PUBLICE CA INSTRUMENT AL POLITICII DE MEDIU

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Rezumat

Corelarea intereselor private și sociale reprezintă o provocare continuă pentru politica de mediu. Instrumentele tradiționale de implementare s-au dovedit a fi insuficiente pentru îndeplinirea obiectivelor derivate din nevoile de protecție ale sistemelor naturale. Prin urmare, acestea au fost completate cu o serie de acțiuni care abordează diferite aspecte ale vieții social-economice. Lucrarea abordează dintre acestea tema producției și consumului durabile stimulate prin introducerea criteriilor de mediu în achizițiile publice. Argumentul pentru acestea este dezvoltat atât pe baza unor considerente de principiu, cât și folosind experiența internațională și europeană în promovarea achizițiilor publice "verzi". Analiza relevă faptul că astfel de inițiative sunt justificate de dimensiunea și autoritatea statului, care este un consumator răspunzător pentru circa o treime din consumul național, dar și un exemplu de comportament pentru formarea unei percepții corecte în ceea ce privește interesul social.

Cuvinte cheie: producție și consum durabil, politică de mediu, decuplare, achiziții publice



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1. INTRODUCTION

One of the challenges in environmental policy making is how to create situations in which environmental actions become attractive for an economic actor or to correlate private and social interests. The theory of environmental economics provided two broad avenues of action: taxes/subsidies and pollution permits that could be negotiated (Bran, 2007). These are the so called market based mechanisms and are very appreciated for their high cost-effectiveness (Ioan et al., 2009).

For several decades, environmental goals are a current issue on policy agendas at all levels of decision making. Nevertheless, the path of nature's degradation is considered beyond acceptable limits and indicates that the efforts are not large enough. This message is emerging from various assessments made in different regions, but also at global level. In addition, ecological disasters are still striking in key industries as an evidence of human's limited capacity to control natural power.

As a response to these more and more alarming messages, which also fueled public pressure, authorities intensified their effort to create complementary levies for the acceleration of changes needed toward environmental protection. Our paper explores one of these levies, namely public procurement, being motivated also by the fact that in Romania this area is of high interest for the business environment.

The subject is treated in three sections, as follows: the first one reveals the potential benefits of such action; the second part makes a presentation of the measures and actions undertaken for the support of "green" public procurement; further, we bring in details on how various stakeholders are helped to use or participate. Finally, we conclude on the potential of this tool to foster the implementation of environmental policy.

2. BENEFITS OF AND BARRIERS FOR "GREEN" PUBLIC PROCUREMENT (GPP)

Before proceed in the design of a certain policy tool the first question to be answered is how great is the potential of this tool to improve the effectiveness of the policy. The answers will necessitate the use of some metrics that allow sizing the field of action and, related to this, the effects to be expected. Therefore, the benefits of "green" public procurement will be revealed by appealing to an example with specific metrics.

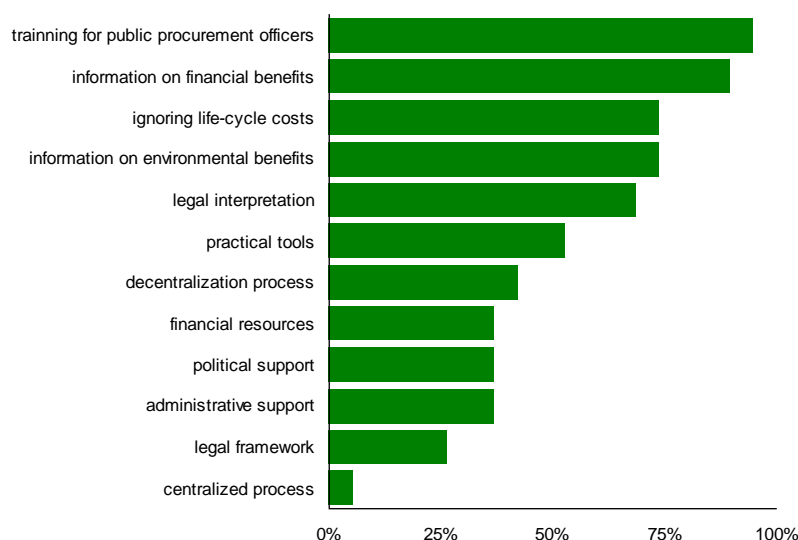
In the European Union (EU), public authorities spend in each year more than 1,000 billion euro on goods, services and works, representing 14% of the EU's gross domestic product (GDP). For instance,

these authorities necessitate around 2.8 million personal computers in each year. It is estimated that the use of more efficient models of electric and electronic equipments could reduce energy consumption triggering the avoidance of 830,000 tones carbon dioxide emissions. More over, if the energy used by the public sector is to be provided only from renewable energy sources (RES), the EU could reduce greenhouse gas emissions needed for a quarter of the targets assumed within the Kyoto Protocol in 1997. In case of sanitary equipment, the use of the new efficient types will reduce water consumption by 200 million tones, representing 0.6% of the household consumption in EU (ICLEI, 2002).

Public procurement could be greened by using energy efficient computers, equipments and buildings, office furniture made by wood produced in forests certified for sustainable management, ecological transportation means, providing ecological food products in school and social food programs, increasing the proportion of renewable energy.

The direct impact of green public procurement is complemented by a chance to influence consumption patterns by the power of example. In certain sectors the impact could be significant since public institutions represent an important market segment.

Despite these advantages, GPP are not a smooth "walk". The most frequently cited barriers are presented in figure 1, ranked by a nineteen country survey performed by OECD (2007).



Source: OECD (2007). Improving the Environmental Performance of Public Procurement: Report on Implementation of the Council Recommendation. ENV/EPOC/WPNEP(2006)6/FINAL p.6

FIGURE 1 BARRIERS FOR GPP

It results that lack of training for public procurement officers, information on financial and environmental benefits could be considered the most important barriers for GPP. Most of them were also identified by

European surveys, and are presented as such by the Environment directorate of the European Commission (EC). These barriers are:

- Lack of political support;
- Increasing the costs, sometimes beyond the acceptable limit in terms of public money; more recent assessment based on proper and comprehensive cost evaluation, such as Life-Cycle Costing, indicate that in costs are actually reduced;
- Lack of legal expertise for the application of environmental criteria;
- Lack of practical tools and information;
- Limited established environmental criteria for products/services.

These general barriers, identified mainly by a European survey, in the Romanian national context are complemented by the confidence in the certification language. There are anecdotic evidence that certification of forest or even companies do not reflect their actual environmental performance. Thus, forests certified for sustainable management are logged illegally and environmental management systems are bought in order to have access to auctions for public procurement.

3. INTERNATIONAL INITIATIVES

Public procurement is recognized by international organizations as an effective tool for promoting environmental policy goals. Thus UNEP, the Organization for Economic Cooperation and Development (OECD) and the World Trade Organization (WTO) launched programs that target sustainable production and consumption by public procurement.

UNEP, along with the United Nations Department for Economic and Social Affairs (UNDESA) addressed the issue through its task force dedicated to sustainable production and consumption (SPC), namely the Marrakech Task Force (MTF). The basic argument for the development of program is that public spending represents 8-30 per cent of national GDP, making most governments the largest single consumers in their countries. UNEP is initiated GPP pilot projects in a number of developing countries (Argentina, Mauritius, Costa Rica, Uruguay, Chile, Tunisia, Ghana, Colombia, and Lebanon) and in New Zealand and the local authorities of UK. The projects go through ten stages as follows:

- expression of interest;
- funding arrangements;
- implementation plan;

- status assessment;
- market readiness analysis;
- legal review;
- SPP policy plan;
- training;
- SPP policy implementation; and
- monitoring and evaluation.

Most of these stages were underwent by the pilot projects made in New Zealand and in the local authorities of UK, where only monitoring and evaluation remain to be made (FOEN, 2011).

The OECD recognizes the potential of achieving environmental goals by public purchasing. The issue is treated in detail in the report on the environmental performance of public procurement which addresses issues like implication of budget systems for the environmental characteristics, international and national procurement regimes.

4. SUPPORT MEASURES AND ACTIONS IN THE EUROPEAN UNION

In EU green public procurement is a means to promote sustainable production and consumption along with others tools such as: action plans for sustainable industrial policy and clean technologies and integrated product policy.

In order to improve the environmental performance of public procurement it is recommended that environmental aspects to be considered in the acquisition of products and services without contradicting the provisions of competition or other policies. The measures to be applied are the following:

- creating an appropriate policy framework for the embodying of environmental criteria in public procurement of goods and services;
- use of financial, budgetary, and accounting measures in such a way that public procurement policies take in account the environmental costs of products and services;
- providing information, training, and technical assistance for those involved in procurement, and also for those who use products and services;
- creating tools that facilitate green public procurement at all levels;

- dissemination of information needed for decision making in public procurement, and also the ones regarding the benefits and outcomes of green public procurement;
- establishment of procedures for the identification of products and services that comply with the environmental objectives pursued through public procurement;
- encouragement of indicator development for monitoring the program;
- analysis and assessment of this policy tool.

At EU level one part of the support action was a "Handbook of green procurement" prepared by the EC. This handbook explains how environmental aspects could be introduced in the procedures of public procurement. On the behalf of the EC other tasks within the GPP policy comprised:

- setting common GPP criteria;
- encouraging the application of life-cycle costing techniques;
- increasing certainty about legal possibilities to include environmental criteria in tender documents;
- implementing GPP through political target linked to indicators and monitoring.

To date common GPP criteria cover a quite wide range of products and services such as: copying and graphic paper, cleaning products and services, office IT equipment, construction, transport, furniture, electricity, food and catering services, textiles, gardening products and services, windows, glazed doors and skylights, thermal insulation, hard-floor covering, wall panels, combine heat and power, road construction and traffic signs, street lighting and traffic signals, mobile phones.

For each type of products and services the EC prepared a "Background product report" and a "Product sheet" that presents and explains the criteria for GPP. The report is a comprehensive study that identifies the key environmental impacts, recall the relevant European legislation and policy, sources for criteria and life-cycle costing considerations. The GPP criteria are divided in two categories:

- *Core GPP criteria*: address the most significant environmental impacts, and are designed to be used with minimum additional verification effort or cost increases;
- *Comprehensive GPP criteria*: for use by authorities who seek to purchase the best environmental products available on the market, and may require additional administrative effort or imply a certain cost increase as compared to other products fulfilling the same function.

EC prepared a frame for National Action Plans to be formulated and applied in Member States (MS). The main elements of these and the status of them is presented in table 1.

TABLE 1 IMPLEMENTATION OF NATIONAL ACTION PLANS FOR GPP IN EU MEMBER STATES (JUNE 2010)

GPP element	Member state implementation
National Action Plan or equivalent document adopted	21: Austria, Belgium, Cyprus, Czech Republic, Denmark, Finland, France, Germany, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, UK
National Action Plan in process of preparation	6 MS: Bulgaria, Estonia, Greece, Ireland, Hungary, Romania
Targets/Criteria adopted	21 MS
Market analysis conducted	9 MS
Communication and dissemination activities	9 MS
Training activities	18 MS
Monitoring	11 MS
GPP – legally binding	3 MS: Portugal, Germany (for wood and LCC use), Czech Republic (IT)
Mandatory political obligation	18 MS

Source: EC, Environment

From the data above it results that the issue of GPP is embraced by most of MSs, although around 20% of them did not adopt yet and action plan. Training is the action which was undertaken in most of the countries, this fact being in accordance with the findings on benefits and barriers for GPP.

5. CONCLUSIONS

Environmental policy is facing important challenges stemming in the basic contradiction between private and social interest in terms of costs. Most frequently actions that protect environment mean supplementary costs for businesses creating a powerful resistance in decision making. By a variety of tools environmental policy creates situation to avoid this contradiction. Nevertheless, they proved not powerful enough to induce the changes needed for lessening the pressure on natural systems. Among the complementary actions undertaken in order to overcome this gap there is the GPP. Its basic argument is built on to major reasons: the first one is the market size of the state, which vary between 8 and 30 percent of national GDP; the second one relates to the significance of public procurement which could be interpreted as an example of appropriate behavior in terms of social interests.

GPP is fostered by international programs initiated by UNEP and OECD and in EU as part of the SCP actions. The UNEP act as promoter of GPP especially in developing countries, with pilot projects in nine

such states. The EC prepared already criteria and technical report for a range of eighteen products and services and assist MS in the preparation and implementation of national action plans for GPP.

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